

Award
FINRA Dispute Resolution Services

In the Matter of the Arbitration Between:

Claimant
Ilan Avi Segev

Case Number: 21-00666

vs.

Respondent
Morgan Stanley

Hearing Site: Boston, Massachusetts

Awards are rendered by independent arbitrators who are chosen by the parties to issue final, binding decisions. FINRA makes available an arbitration forum—pursuant to rules approved by the SEC—but has no part in deciding the award.

Nature of the Dispute: Associated Person vs. Member

REPRESENTATION OF PARTIES

For Claimant Ilan Avi Segev: David Hantman, Esq., Bressler, Amery & Ross, P.C., New York, New York.

For Respondent Morgan Stanley: Abigail D. Elrod, Esq., Morgan Stanley Wealth Management, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: March 10, 2021.
Ilan Avi Segev signed the Submission Agreement: March 10, 2021.

Statement of Answer filed by Respondent on or about: April 8, 2021
Morgan Stanley signed the Submission Agreement: April 9, 2021.

CASE SUMMARY

In the Statement of Claim, Claimant asserted a claim seeking expungement of customer dispute information from registration records maintained by the Central Registration Depository (“CRD”).

In the Statement of Answer, Respondent did not oppose Claimant’s expungement request.

RELIEF REQUESTED

In the Statement of Claim, Claimant requested expungement of Occurrence Number 2075139.

In the Statement of Answer, Respondent did not set forth a specific relief request.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrator acknowledges having read the pleadings and other materials filed by the parties.

By correspondence dated April 8, 2021, the parties agreed to proceed with a single arbitrator for this matter.

On May 25, 2021, Claimant advised that the customer in Occurrence Number 2075139 was served with the Statement of Claim and notice of the date and time of the expungement hearing. On May 27, 2021, Claimant filed an Affirmation of Service confirming that the customer was served with the Statement of Claim and notice of the date and time of the expungement hearing.

The Arbitrator conducted a recorded, telephonic hearing on July 7, 2021, so the parties could present oral argument and evidence on Claimant's request for expungement.

Respondent participated in the expungement hearing and, as stated in the Statement of Answer, did not oppose the request for expungement.

The customer did not participate in the expungement hearing. The Arbitrator found that the customer had notice of the expungement request and hearing.

The Arbitrator reviewed Claimant's BrokerCheck® Report. The Arbitrator noted that a prior arbitration panel or court did not previously rule on expungement of the same occurrence in the CRD.

The Arbitrator also reviewed the settlement documentation related to Occurrence Number 2075139, considered the amount of payment made to any party to the settlement, and considered other relevant terms and conditions of the settlement. The Arbitrator noted that the settlement was not conditioned on any party to the settlement not opposing the expungement request and that Claimant did not contribute to the settlement amount.

In recommending expungement, the Arbitrator relied upon the following documentary or other evidence: Claimant's BrokerCheck® Report, the pleadings, Claimant's testimony, and the exhibits.

AWARD

After considering the pleadings, the testimony and evidence presented at the expungement hearing, and any post-hearing submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. The Arbitrator recommends the expungement of all references to Occurrence Number 2075139 from registration records maintained by the CRD for Claimant Ilan Avi Segev (CRD Number 4826899) with the understanding that, pursuant to Notice to Members 04-16, Claimant Ilan Avi Segev must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by FINRA, parties seeking judicial confirmation of an arbitration award containing expungement relief must name FINRA as an additional party and serve FINRA with all appropriate documents.

Pursuant to Rule 13805 of the Code of Arbitration Procedure (“Code”), the Arbitrator has made the following Rule 2080 affirmative findings of fact:

The claim, allegation, or information is factually impossible or clearly erroneous; and the claim, allegation, or information is false.

The Arbitrator has made the above Rule 2080 findings based on the following reasons:

The customer became a client of Claimant in 2019. An experienced, demanding high net worth investor with investable assets north of \$20,000,000.00, he had a conservative risk profile and was interested in maintaining a sizeable bond portfolio. After numerous calls, meetings, and the preparation of no less than nine different investment proposals, a suitable bond portfolio was constructed using many names on Morgan Stanley’s recommended list. One of those bonds was issued by Anadarko, an energy company. In April 2020, during a time of considerable COVID driven market volatility, he complained to the firm about a minor loss on the Anadarko position. The firm investigated and denied the claim. The firm also asked the customer to transfer the account away and agreed to pay the pre-payment penalty on his liquidity access line, or some \$9,000.00. Claimant took no part in the settlement, which was not conditioned on consent to expungement. In fact, the customer, subsequently wrote the firm praising Claimant’s conduct throughout. This occurrence should be expunged on the ground it is clearly erroneous, false or both. The bond was suitable and met the customer’s risk profile and tolerance. Claimant also testified as the adverse impact this occurrence has had on his business development efforts. The interests of consumer protection and awareness being in no way negatively implicated, the undersigned recommends the above occurrence be expunged from Claimant’s CRD records.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution Services assessed a filing fee* for each claim:

Expungement Filing Fee	= \$	1,575.00
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**The filing fee is made up of a non-refundable and a refundable portion.*

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the event giving rise to the dispute. Accordingly, as a party, Respondent Morgan Stanley is assessed the following:

Member Surcharge	= \$	1,900.00
Member Process Fee	= \$	3,750.00

Hearing Session Fees and Assessments

The Arbitrator has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the Arbitrator, including a pre-hearing conference with the Arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) hearing session on expungement request @ \$1,125.00/session	= \$	1,125.00
Hearing: July 7, 2021 1 session		

Total Hearing Session Fees	= \$	1,125.00
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The Arbitrator has assessed the total hearing session fees to Claimant.

All balances are payable to FINRA Dispute Resolution Services and are due upon receipt.

ARBITRATOR

Robert E. Anderson

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Sole Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument, which is my award.

Arbitrator's Signature

Robert E. Anderson

Robert E. Anderson
Sole Public Arbitrator

07/13/2021

Signature Date

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July 14, 2021

Date of Service (For FINRA Dispute Resolution Services use only)